

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project with State Credits
September 10, 2009

Project Number CA-2009-830

Project Name Station District Family Housing Phase I
Address: Corner of 11th Street and Cheeves Way
Union City, CA 94587 County: Alameda
Census Tract: 4403.09

Applicant Information

Applicant: Mid-Peninsula Housing Coalition
Contact Juan de Leon
Address: 303 Vintage Park Drive, Suite 250
Foster City, CA 94404
Phone: (650) 356-2906 Fax: (650) 357-9766
Email: jdeleon@midpen-housing.org
Sponsors Type: Nonprofit

Information

Housing Type: Large Family

Bond Information

Issuer: California Municipal Finance Authority
Expected Date of Issuance: 2/1/10
Credit Enhancement: No

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,244,452	\$4,622,250
Recommended:	\$1,244,452	\$4,622,250

Project Information

Construction Type: New Construction
Federal Subsidy: Tax-Exempt/Section 8
HCD MHP Funding: No
Total # of Units: 100
Total # Residential Buildings: 1
Federal Setaside Elected: 40%/60%
% & No. of Targeted Units: 100% - 99 units
55-Year Use/Affordability Restriction: Yes

Eligible Basis

Actual: \$35,555,771
Requested: \$35,555,771
Maximum Permitted: \$86,091,470

Adjustments to Threshold Basis Limit:

- Required to Pay Prevailing Wages
- Exceed Title 24 Standards by at Least 35%
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced
- 55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units that are Income Targeted Between 50% AMI & 36% AMI: 82%
- 55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income Units that are Income Targeted at 35% AMI or Below: 17%
- 3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features
 - Projects exceeding Title 24 by at least 15%
 - Projects using CRI Green Label Plus Carpet or no carpet in all bedrooms
 - Projects using vent kitchen range hoods to the exterior of the building in at least 80% of the units

Selection Criteria	Max. Possible Points	Requested Points	Points Awarded
<i>Owner/Management Characteristics</i> Maximum of 9 points	9	9	9
<input checked="" type="checkbox"/> General Partner Experience	6	6	6
<input checked="" type="checkbox"/> Management Experience	3	3	3
<i>Housing Needs</i> Maximum of 10 points	10	10	10
<i>Site Amenities</i> Maximum of 15 points	15	15	15
<input checked="" type="checkbox"/> Within ¼ mile of transit stop with service every 30 minutes & 25 units per acre density	7	7	7
<input checked="" type="checkbox"/> Within ¼ mile of public park or community center open to general public	3	3	3
<input checked="" type="checkbox"/> Within ¼ mile of a full-scale grocery store with staples, fresh meat and fresh produce	4	4	4
<input checked="" type="checkbox"/> Large Family project within ½ mile of public school that project children may attend	2	2	2
<input checked="" type="checkbox"/> Within ¼ mile of a pharmacy	2	2	2
<i>Service Amenities</i> Maximum of 10 points	10	10	10
<input checked="" type="checkbox"/> After school programs of an ongoing nature for school age children	5	5	5
<input checked="" type="checkbox"/> Bona fide service coordinator/social worker	5	5	5
<i>Sustainable Building Methods</i> Maximum of 8 points	8	8	8
<input checked="" type="checkbox"/> New construction/adaptive reuse increases energy efficiency 10% above Title 24	4	4	4
<input checked="" type="checkbox"/> Energy star rated ceiling fans in bedroom/living room; whole house fan; economizer	2	2	2
<input checked="" type="checkbox"/> Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
<input checked="" type="checkbox"/> CRI Green-label, low-VOC carpet and pad	1	1	1
<input checked="" type="checkbox"/> Bathroom fans in all bathrooms w/humidistat, timer and outdoor exhaust	2	2	2
<i>Lowest Income</i> Maximum of 52 points	52	52	52
<input checked="" type="checkbox"/> Basic Targeting	50	50	50
<input checked="" type="checkbox"/> Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
<i>Readiness to Proceed</i> Maximum of 20 points	20	20	20
<i>Total Points</i>	124	124	124

<u>Unit Type & Number</u>	<u>2009 Rents % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
3 One-bedroom Units	29%	\$484
13 One-bedroom Units	39%	\$646
9 Two-bedroom Units	29%	\$581
44 Two-bedroom Units	44%	\$871
5 Three-bedroom Units	29%	\$671
25 Three-bedroom Units	44%	\$1,007
1 Two-bedroom Unit	Manager's Unit	\$0

The general partner or principal owner a to-be-determined affiliate of Mid-Peninsula Housing Coalition.

The project developer is Mid-Peninsula Housing Coalition.

The management services will be provided by Mid-Peninsula Housing Management.

The market analysis was provided by Vogt Williams Bowen.

The Local Reviewing Agency, the Community Redevelopment Agency of the City of Union City, has completed a site review of this project and strongly supports this project.

Project Financing

Estimated Total Project Cost: \$40,047,334 Per Unit Cost: \$383,933 Construction Cost Per Sq. Foot: \$271

<u>Construction Financing</u>		<u>Permanent Financing</u>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Union Bank of California	\$24,840,752	Union Bank of California	\$2,907,000
Union City RDA	\$12,238,393	Union Bank of California – Section 8	\$2,299,000
Investor Equity	\$1,190,444	Union City RDA	\$12,238,393
		HCD-TOD	\$10,106,051
		Accrued Interest During Construction	\$291,763
		Deferred Developer Fee	\$400,000
		GP Equity	\$1,191
		Investor Equity	\$11,803,936
		TOTAL	\$40,047,334

Determination of Credit Amount(s)

Requested Eligible Basis:	\$35,555,771
130% High Cost Adjustment:	No
Applicable Fraction:	100%
Qualified Basis:	\$35,555,771
Applicable Rate:	3.50%
Total Maximum Annual Federal Credit:	\$1,244,452
Total State Credit:	\$4,622,250
Approved Developer Fee in Project Cost	\$1,400,000
Approved Developer Fee in Eligible Basis:	\$1,359,494
Investor Consultant:	Community Economics
Federal Tax Credit Factor:	\$0.72567
State Tax Credit Factor:	\$0.60

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitation. Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 3.50% of the qualified basis. Unless the applicant fixed the rate at bond issuance, the Federal Rate applicable to the month the project is placed-in-service will be used to determine the final allocation.

Special Issues/Other Significant Information: None

Recommendation: Staff recommends that the Committee make a reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal/Annual	State/Total
\$1,244,452	\$4,622,250

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

TCAC makes the reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project will be permitted without the express approval of TCAC.

The applicant must pay TCAC an allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are anticipated to be the final project costs, staff recommends that a reservation be made in the amount of federal credit shown above on condition that the final project costs be supported by itemized lender approved costs, and certified costs of the buildings as completed.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credits when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

Additional Conditions: The applicant/owner is required to provide the tenants with after school programs of an ongoing nature for school age children and bona fide service coordinator/social worker for a minimum of ten (10) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC.

Project Analyst: Elaine Johnson